

MENTAL HEALTH AND DISABILITY SERVICES COMMISSION
August 16, 2012, 9:30 am to 3:00 pm
ChildServe, Training Center
5406 Merle Hay Road, Johnston, IA
MEETING MINUTES

MHDS COMMISSION MEMBERS PRESENT:

Neil Broderick	Gary Lippe
Lynn Crannell	Zvia McCormick
Richard Crouch	Laurel Phipps (by phone)
Jill Davisson	Deb Schildroth
Representative Lisa Heddens (by phone)	Patrick Schmitz
Richard Heitmann	Susan Koch-Seechase
Chris Hoffman	Suzanne Watson
David Hudson (by phone)	Gano Whetstone
	Jack Willey

MHDS COMMISSION MEMBERS ABSENT:

Senator Merlin Bartz	Representative Dave Heaton
Lynn Grobe	Dale Todd
Senator Jack Hatch	

OTHER ATTENDEES:

Rita Aistrope	South Central Asst. CPC
Marilyn Althoff	Hills and Dales/IACP
Robert Bacon	U of Iowa Center for Disabilities and Development
David Basler	ChildServe
Mark E. Beardmore	Carroll County Board of Supervisors
Lisa Bethune	Sac and Ida County CPC
Teresa Bomhoff	Iowa Mental Health Planning Council/NAMI
Amy Campbell	Polk County
Mechelle Dhondt	Linn County CPC
Diane Diamond	DHS Targeted Case Management
Kristi Dierking	Warren County CPC Administrator
Gayla Harken	Story County Community Life Program
David Higdon	Polk County Health Services
Jane Hudson	Disability Rights Iowa
Ken Hyndman	Des Moines County
Julie Jetter	DHS, MHDS Community Services & Planning
Mike Johannsen	Muscatine County CPC
Sarah Kaufman	Henry County CPC
Gretchen Kraemer	Iowa Attorney General's Office
Lisa Langlitz	Cherokee County CPC
Geoff Lauer	Brain Injury Alliance

Jane Miller (by phone)	Page County
Sherri Nielsen	Easter Seals Iowa
Liz O'Hara	U of Iowa Center for Disabilities & Development
John Pollak	Legislative Services Agency
Ann Riley	U of Iowa Center for Disabilities & Development
Joe Sample	Iowa Department on Aging
Rick Shults	DHS, Administrator MHDS Division
Deb Eckerman Slack	ISAC County Case Management Services
Mary Williams	Benton County CPC
Mike Williams	Iowa Department of Human Rights, Office for Persons with Disabilities
Robyn Wilson	DHS, MHDS Community Services & Planning

WELCOME AND CALL TO ORDER

Jack Willey called the meeting to order at 9:35 a.m. and led introductions. No conflicts of interest were identified for this meeting.

APPROVAL OF MINUTES

Neil Broderick made a motion to approve the July 19, 2012 meeting minutes as presented. Richard Crouch seconded the motion. The motion passed unanimously.

COUNTY UPDATES

Robyn Wilson and Julie Jetter presented an update from the counties on financial and regionalization issues, noting that the information shared is just a snapshot in time and the situation is changing from day to day. At this point time:

- Ninety-six counties are considering forming 17 regions
- The regions would range in size from 2 to 17 counties
- The population range would be from about 30,500 to 383,000, with:
 - One region over 300,000
 - Three regions between 200,000 and 300,000
 - Six regions between 100,000 and 200,000
 - Seven regions under 100,000
- Only one region has sent a letter of intent to DHS

They noted that most financial issues counties are facing were started long before redesign and would have occurred with or without it. The changes associated with redesign have brought some of the issues to the forefront.

Waiting lists:

- There are currently 18 counties with waiting lists
- The start date of the waiting lists range from June 2006 to July 2012
- Only 4 were started on 7/1/12; the others were all in place earlier

Residential Care Facilities (RCFs):

- DHS is working with three facilities that are facing issues with changes (Mediapolis, Diamond Life, Abbe)
- Issues are not all related to redesign; multiple factors of timing and funding are involved
- There is one RCF having issues because they have not been able to keep enough people living there

Sheltered work and work activity:

- Counties are finding other funding sources and encouraging the use of those sources before county dollars
- People have not always applied to all programs for which they are eligible
- Now may be require to apply for and accept Medicaid funding first and if Medicaid eligible apply for all Medicaid programs and services available to them
- Some counties are reducing the number of days clients may attend a sheltered work activity and looking at other options
- Other options include supported employment, prevocational, day habilitation, and day care

Financial and budget issues:

- Most financial issues we are seeing were in existence prior to Redesign; the Redesign process has made them more visible
- Robyn and Julie have visited 82 counties (as of August 16):
 - 52 are “okay” – meaning they should be able to get through this fiscal year breaking even or ending the year with a small fund balance
 - 5 counties have short term funding issues – meaning they should be able to pay all their bills but may have cash flow problems at the beginning of fiscal year 2014 (until September property tax dollars come in)
 - 25 have long term financial issues that may not be addressed in the next couple of years
- 17 counties have not yet been visited; Robyn and Julie will be working with several of them during the next few weeks

Outstanding billings:

- The majority of outstanding billings are state Medicaid bills
- Counties with long term issues are holding Medicaid or Resource Center bills due to the state
- Local providers are getting paid
- The 25 counties with long term financial issues may not be able to address them for the next fiscal year

The most common denominator of the group is that under the old system, the way growth and community services was calculated, smaller and medium counties would get growth dollars which would raise their fund balances up, and they would spend that down over time, but would not be able to get more growth until fund balances got low enough again, so they would be in a “feast or famine” cycle. They would often end up

having a negative accrual balance before they got their next round of growth dollars. The counties having difficulty now are the ones going into the famine cycle with no growth money available to help pull them out. Those 25 would probably be among the applicants for the transition funds. Some of the counties that are doing better are those in the feast part of the cycle this year. It has more to do with that cycle than with policies or practices of the individual counties. They vary widely in population size; that is not a common denominator.

Jill Davisson commented that the group of five counties that comprises the 7th Judicial District has a meeting scheduled September 17 and will be filing a letter of intent. They have already exchanged letters of intent internally. She said they developed a core list of guiding principles that were adopted by the boards of supervisors so that everyone will share the same expectations of the counties and the region.

PAGE COUNTY PLAN AMENDMENT

Robyn Wilson shared a handout outlining proposed changes to the Page County Management Plan. The Commission considered two amendments at the last meeting and asked for a clarification of the language used in one of the amendments. The first proposed change to Page 11 of the plan, *"Services Available" has been rewritten and now reads: "Services funded by Page County are subject to change or termination with the development of the county MH/DD budget each fiscal year for the period of July 1 to June 30."* This language clarifies the intent and reflects similar language already approved in the Story County Plan.

The proposed amendment to Page 14 of the plan, "Vocational and Day Services" is unchanged from the proposal last month: *"Vocational Services may be funded by the county for up to 3 full days per week, depending on the individuals current work schedule."*

Patrick Schmitz made a motion to approve the two plan amendments as presented. Richard Crouch seconded the motion. The motion passed unanimously.

MHDS UPDATE

Rick Shults presented an update on DHS and MHDS Division activities.

Redesign Workgroups:

- Workgroups have been formed and are meeting again
- Some groups are new
- Some have new and different tasks
- The Judicial Workgroup is reconvening for a second year
- Their first meeting was on August 2nd
- The Children's Workgroup is reconvening for a second year with a new facilitator
- There is a new Data and Statistical Workgroup

- They will be looking at the standards and specifications for the collection of information related to MHDS services around the state
 - The group includes people involved in the technical aspects of data collection and storage
 - They held an early organizational meeting in March and just started their regular meetings on August 7th
- The Outcomes Workgroup has met and has another meeting scheduled for Monday
 - County representation is being added
- The Transition Committee is a new workgroup looking at the challenges we face as we go through the journey of transitioning to a redesigned system
 - Chuck Palmer is the Chair and Bob Lincoln is serving as the Co-chair
 - Steve Day is facilitating the Transition Committee; Jack Willey and Patrick Schmitz are also members
 - The report Robyn and Julie shared this morning originated from that group
- The Workforce Workgroup is being led by IDPH (Iowa Department of Public Health)
 - DHS and IDPH have had an initial organizational meeting
- The Brain Injury Workgroup came up with a set of recommendations last year
 - They will be getting together again to talk about work that came together after they last met
- There is also a Continuum of Care Workgroup coming together to talk about the array of services around the State and where we have strengths and weaknesses
- Many of the groups have started meeting and others will be starting soon
- All of the documents from the workgroups will be posted are on the DHS website in the same location as last year
- The groups are continuing with the process of having public comment at two times during each meeting – just before lunch and at the end of the day
- The comments have been very helpful

RCFs

- As Robyn and Julie discussed earlier, the Department has begun a dialogue with people who operate RCFs about some of the challenges they have been facing or are facing now.

Woodward Resource Center

- Underwent a reduction in force recently of 27 employees
- They have been experiencing budget challenges and going through a process
- Every year they have a target number for downsizing the population
- As you slowly reduce the number of people served, you cannot reduce your workforce on a one-to-one basis
- After several years of reducing the census, it was time to reduce staff to right size
- The same process was followed at Glenwood, but they were able to do it through attrition, without layoffs

- When the state is providing HCBS services, it should be done as a last resort only because there are not private providers available to do it
- It is very positive that Woodward Resource Center has been successful in helping people move into the community; the negative that comes along with that is the necessity of releasing good, dedicated employees
- There will continue to be reductions in population
- The plan is to reduce the population by 12 each year in each facility
- We hope to downsize staff by not filling vacancies
- Sometimes there just aren't vacancies in the right areas at the right time, which is what happened at Woodward

Discussion:

- David Hudson asked who sets the Medicaid earnings cap (the amount of money a person can earn and be eligible for Medicaid services)
- Rick Shults responded that it is set by each state; Iowa's is set in consultation with DHS, the Legislature and the Governor and it has a significant impact on the state budget
- The current issue under the Affordable Care Act (ACA) is that Medicaid Expansion, which started out as a mandate, is now going to be an option for states
- Medicaid Expansion calls for eligibility to go up to 133% of the FPL (Federal Poverty Level) and cover childless adults
- In Iowa, that would increase the Medicaid eligible population by about 130,000 to 150,000
- The Governor has concerns about the cost of that increase to the state
- In the early years, federal funding pays 100 percent of cost, but that will go down to 90 percent
- Even though the federal match is still high, there are concerns about sustainability of the state share
- Since it potentially covers so many people, the state match is still a significant amount
- There is also the "woodwork" effect – the unknown number of people who may come forward, apply, and be eligible
- Medicaid is really a series of programs; right now it applies to specific eligibility groups, but Medicaid expansion would cover all low income people without any other qualifying factors

AGENDA

Jill Davisson noted that discussion during meetings sometimes vary from time published in the agenda. She said she understood that this could present an issue with open meeting requirements. She asked if there was an issue with starting an agenda item earlier than the published time. Gretchen Kraemer responded that some reasonable deviations are acceptable, but it is best practice to follow closely the published agenda so that people are able to come to a meeting and hear the discussion they want to hear.

Patrick Schmitz made a motion that a disclaimer be added to the agenda so that anyone who reads it will be on notice that the discussion times are approximate. Jill Davisson seconded the motion. The motion passed unanimously.

COMMITTEE REPORT ON TRANSITION/FUNDING

Susan Koch-Seehase reported for the Transition/Funding Committee. The committee met and put together a handout with their suggestions, which Jack Willey shared at the first meeting the Redesign Transition Committee. That group is still at the information gathering stage, so there has not been much feedback thus far. Transition money has been identified and set aside. At the end of the last session, legislators expressed a desire to get more information to determine what the real needs are and act on appropriating funds after the new session starts in January. Jack and Susan have also had several conversations with Rick Shults and Theresa Armstrong about the Commission's recommendations for the development of the proposed Transition Fund rules.

TRANSITION FUND ADMINISTRATIVE RULES

Rick Shults introduced the proposed administrative rules for the use of the transition funds. Even though a transition fund has not yet been appropriated, Senate File 2315 included guidance for the development of rules governing how it would be used. The rules are intended to guide the collection of information from counties that have a need for the funds and use that information to make recommendations to the Legislature and the Governor for the appropriation of funds. The legislation also provided a hybrid authority for rulemaking; it is not exactly emergency rule-making, but does allow for a process to proceed quickly if the Rules Committee approves.

The Department is asking the Commission to adopt a set of emergency rules that would then go to the Legislative Rules Committee, which meets for the next time on September 11. If the Committee approves them, they will become effective the following day, September 12. The Department is also asking the Commission for approval to file the rules through the ordinary rule-making process at the same time. The ordinary process is preferred because it allows more fully for public input, but if only that process was used, the rules could not be in place in time for the counties to file their applications and get access to the transition funds they need, so both processes will be started simultaneously.

The Commission asked for clarification on whether they could recommend any changes to the language presented. Rick Shults and Gretchen Kraemer explained that at this step in the emergency rule making process, the Commission does not have the option to make changes or amendments to the rules as presented, they have to either adopt the rules as presented or not. It was noted that failure to adopt them would likely mean that the transition fund recommendations could not be completed in a timely manner so that funds could be appropriated and distributed to counties.

Rick said that the development of these proposed rules has been an open discussion; DHS appreciates the guidance and comments that Jack, Susan, and the members of the Transition/Funding Committee have shared. He said he also meet with a few stakeholders to get their feedback, including ISAC, provider groups, Senator Hatch, Representative Schulte, and the Commission representatives.

Rick referred to the first handout titled, "Adopted and Filed Emergency." He noted that the rules are "intended to specify the gathering of information and guide the development of recommendations to the Governor and Legislature regarding appropriations for transition funds to continue non-Medicaid funded current core county mental health and disability services."

The rules are divided into five sections:

1. Definitions
2. Eligibility requirements
3. Establishment of application guidelines related to financial need, financial data, and sustainability plan
4. Establishment of guidelines for DHS for receiving, analyzing, and reporting of transition applications as relating to the transition funds
5. Establishment of guidelines related to the allocation of transition funds

The second page explains the reason for emergency rule making and the authority for rule making.

The text of the rules themselves begins on page 3 with definitions. Definitions are important because they drive much of the policy.

"Current core county mental health and disability services" is defined as those services in the county management plan approved by the Commission and effective as of June 30, 2012. The use of 'current' and 'core' can be confusing, but the consensus of opinion has been that transition money should be used to keep current services going through the transition period. To the extent there is variability of services across the state, this does not solve that problem. The June 30, 2012 date was used with the goal of preserving any services that were in place before the regional transition. An earlier date was not used because that would have involved other changes made for various reasons.

"County operated program" is defined as services directly operated by county employees; it also ties to the definition of "subsidize." If a county is subsidizing services over and above amounts reimbursed by third party payers, including Medicaid or Medicare, that additional amount would not be included. Client receiving two sets of services (Medicaid funded and non-Medicaid funded) would not be affected. The "subsidize" definition applies to rate being paid.

“Documentation information and materials” is defined to mean source documents, worksheets, notes, or any written materials used in completing the application for transition funds.

“Independently verified” is defined to mean a signed written opinion of accuracy and reasonableness of financial information submitted in the application by the county auditor based on a review and verification of the documentation and materials used to complete the application. This was a compromise; some favored a completely independent verification, but verification by the county auditor was accepted. Due to the short time frames counties have, it was felt that an independent audit might put a burden on them that they cannot meet.

“Subsidize” is defined to mean the county provides additional funding for county operated services over and above amounts reimbursed from third party payers, including Medicaid or Medicare, or costs in excess of usual and customary charges for the service.

“Sustainability plan” is defined as financial estimates and a description of estimates and assumptions used to assure that services requested to be funded by the transition fund can and will continue when the transition fund is discontinued at the end of state fiscal year 2013. The sustainability plan is required, but the Department is already aware that it is going to be challenging for them to make a judgment of sustainability.

“Target population” is defined to mean an adult diagnosed with a mental illness as defined in Iowa Code 4.1(21A) or an individual with an intellectual disability as defined in Iowa Code 4.1(09A). The Department intends to gather cost information for serving all individuals with disabilities in the county management plan. These are the two populations that would be considered first to prioritize funding if the total funds available are not sufficient to cover all populations.

“Transition fund” is defined to mean the MHDS Redesign transition fund that has been established and, once funds have been appropriated, will provide one-time assistance in state fiscal year 2013 to support county continuation of current core county mental health and disability services to target populations not funded by Medicaid.

Eligibility

- These are one-time funds
- To be awarded once they are appropriated by the Legislature
- Counties must demonstrate they have levied the maximum amount allowed by law (nine counties do not levy at the maximum amount)
- Counties must demonstrate that they project expenditures greater than their available funding
- Counties must demonstrate that a reduction in the amount, scope, and duration of current core services is necessary without transition funding
- Counties must submit a complete application

Application requirements

- DHS is in the process of developing a standardized application form
- Counties will be required to submit that completed form and supply all requested information
- Signatures by the county board of supervisors chair, the county auditor, and the CPC are required
- Financial information must be verified independently by the county auditor
- The completed application must be received no later than 4:30 pm on November 1, 2012

The application must include the following information:

- County eligibility criteria for receiving mental health and disability services
- A copy of the co-pay or sliding fee schedule established in the county management plan
- A complete list of fees and co-pays the county charges for each service
- The number of individuals who received non-Medicaid funded services paid for by the county in SFY 2012
- The projected number of individuals who will receive non-Medicaid funded services paid for by the county in SFYs 2013, 2014, and 2015

Rick indicated the projections are part of what the Department views as a sustainability plan. Deb Schildroth commented that unknowns such as whether Iowa will participate in Medicaid expansion could significantly impact those kinds of projections and that there should be some agreement on basic assumptions to base those projections on. Rick responded that there will be at least two statewide meetings held to talk about the application process and help clarify questions that counties may have.

Section 23.3(3) focuses on the dollar figures:

- What is available to counties?
- What are their obligations and expenses?
- What is the difference?
- Looking at unaudited amounts
- Using a cash basis

Information regarding available funds:

- Amount of funds carried forward excluding 2012 Risk Pool Funds, which need to be accounted for separately
- Amount levied compared with the maximum authorized by law
- Amount of 2012 Risk Pool Funds and what year the funds were or will be used
- Amount received in 2012 from the State Payment Program (SPP)

Rick said the expectation is that the current SPP amount will remain in the system for MHDS services so counties are asked to use the same amount in their projections for SFYs 2013, 2014, and 2015 as they received in SFY 2012.

Information regarding expenditures:

- Administrative costs
- Amount needed to pay for expenses incurred in previous years that are due and owing, including:
 - Administrative costs
 - Provider payments
 - State charges, including the county's non-federal share of Medicaid, mental health institute costs, and state resource center costs, minus any credits
 - Excluding any disputed claims forgiven by Senate File 2315
- Amount paid to private providers for non-Medicaid services
- Amount paid for non-Medicaid funded county operated program
- Non-Medicaid service expenditures are to be divided into eligibility categories:
 - Individuals in the target population with income at or less than 150% FPL
 - Individuals in the target population with income above 150% FPL
 - Individuals with a disability other than the target population with income at or less than 150% FPL
 - Individuals with a disability other than the target population with income above 150% FPL

Rick noted that the eligibility category information is needed so that if the funds available do not cover the need, the information can be used to prioritize how the funds are used unless the legislature otherwise directs the way the money can be spent.

Question: Will counties be asked to submit detailed financial records beyond what is specifically requested?

Response by Rick Shults: No, counties will be expected retain those detailed records.

Question: Can you clarify that SSP amounts projected should be the same as the 2012 amount?

Response by Rick Shults: Yes.

Question: Why does item b(3) on Page 7 specify amount paid to private service providers for non-Medicaid funded services; what about payments for public providers for non-Medicaid services?

Response by Rick Shults: Instructions will be given to counties to include all service providers other than county staff whether public or private. The intent is to separate out county provided services from services provided by others.

Question: Regarding Page 6, b(2), do expenses due and owing need to be reported as a total or in specific itemized categories?

Response by Rick Shults: The application will address that, but there is probably not a need for an itemized list.

Sustainability plan - A county must submit a sustainability plan that includes projected expenditures for SFY 2014 and 2015 and a justification including:

- The facts and assumptions used when estimating revenues and expenditures for SYF 2013, 2014, and 2015
- The key steps that will be taken to ensure the level of current core county MH&D services continues beyond SFY 2013
- An explanation of how the requested moneys will be used during the transition year to provide services in a manner that will enable the county to continue to provide the same level in future years within the funding they have available

Comment: It will be challenging for counties to write a sustainability plan at the same time when they will be ending their single county service approach and joining regions.

Response by Rick Shults: An applicant that is planning to join a region could incorporate how that will help them make sustaining their service level viable. Counties could offer multiple scenarios and explain what they would do. A sustainability plan that makes assumptions about future appropriations might be questioned.

Question: Why are sustainability estimates for 2014 and 2015 necessary?

Response by Rick Shults: Asking for information two years beyond the current fiscal year is consistent with the state's 2-year budget approach.

23.4(3) Guidelines for the management of transition funds:

- The Department will provide each county CPC and board of supervisors with a set of rules for transition funds and the application form to be used
- The Department will only accept applications that are complete, on the required forms, properly signed, independently verified, and received by 4:30 pm on November 1, 2012
- The Department will develop a recommendation regarding the amount of transition funding a county should receive

The Department's recommendation will:

- Exclude projected costs that reflect an increase in the amount, scope, or duration of services
- Exclude increased administrative costs
- Include recommendations for adjustments based on a review of the county's documentation information and materials
- Include costs of current core county MH&D services that are in excess of available funds (excluding increased costs as noted above)

23.4(4) The Department will provide a report on its recommendations to the Governor and the Legislature by December 1, 2012, including:

- Names of counties that applied for transition funds
- The Department's recommendations of the amount the county will receive to continue current core county MH&D services in SFY 2013
- The Department's opinion regarding whether or not the county has a viable sustainability plan

Question: Could a sustainability plan be that money is needed to continue services for another year and during that time people would be transitioned to other services rather than sustaining the program they are currently on? Would that be acceptable?

Response by Rick Shults: We are not closing the door on any reasonable options, but would anticipate being better able to answer questions at the statewide meetings in a way that will help counties determine how to include items on their applications. Rick added that evaluating the qualitative nature of such plans is probably beyond the scope of this application; it does not address quality of life issues.

23.5 Allocation of transition funds – if funds are insufficient to meet the needs identified, the Department will prioritize their use based on the following:

- Individuals in the target population with income at or less than 150% of FPL
- Individuals in the target population with income above 150% of FPL
- Individuals with disabilities other than the target population with income at or less than 150% of FPL
- Individuals with disabilities other than the target population with income above 150% of FPL

Comment: This seems to create a scenario where counties may have to cut services because of the target population and transition fund definitions. That doesn't make sense if the purpose was to provide counties funds to continue services currently in place until the transition is made to the new system. This looks like it will cause counties to cut services to people with developmental disabilities that are outside the definition of the target population. What can't it mirror the language of core county MH&D services with the target populations being the populations served by county management plans effective on June 30, 2012?

Response by Rick Shults: If there are sufficient funds, all populations currently being served would be funded. The only time this provision will apply is if the funds are not sufficient, in which case it will be used to guide prioritization. When you look at the rules as a whole and what DHS is required to do, you will see information is gathered from all populations and the DHS recommendation is based on that. The only point a decision is made about funding specific populations is in the event that sufficient funds are not appropriated. The DHS recommendation will include all populations; from that the Legislature will determine the amount of the appropriation.

Comment: It seems that the identification of target populations to prioritize funding could be used to limit the funding to just the two groups named in the targeted population, and the information could be presented in a way that will result in service

cuts. We want to make sure that the Legislature sees the whole picture of the need for services.

Response by Rick Shults: There is nothing in these rules that cuts services. I am hearing concerns that if the appropriation is less than the recommendation, someone is not going to be served. If the appropriation by the Legislature is not sufficient to meet that need, there will be people who are not served. A county would have discretion to manage the funds they receive, whether they get the full amount requested or a lesser amount. The rules envision a recommendation from DHS on the amount of the need, not a population by population recommendation, but one overall recommendation of the total amount needed to maintain current services. The actual amount of the appropriation is a Legislative determination beyond the scope of these rules.

A lunch break was taken at 12:25 p.m.

The meeting reconvened at 1:30 p.m.

PROPOSED TRANSITION FUND RULES (continued)

Rick Shults addressed some additional concerns that were raised during the morning discussion.

Concern: The way the information is laid out implies that a county could not report the cost of services that are not specifically attributable to an individual.

Explanation: The provision on page 7 asks for the total amount paid to service providers; later it is divided out by populations. This allows counties to capture the total costs of all programs (whether attributable to individuals or not) and allocate them out to the groups that are covered. Counties can use any reasonable and appropriate method to allocate those costs among the population groups served.

Concern: That the Department's recommendation will be limited to target populations.

Explanation: (Page 9) The Department's recommendation is for the amount needed to continue current core county mental health and disability services. The recommendation will not be limited by use of a targeted population. These rules make it clear that the Department shall follow those instructions and in doing so will include all the current service costs.

Concern: The Department will be gathering information by target groups and that information will be available to the Legislature in making their funding decisions.

Explanation: That is true; the Legislature has expressed a desire to know what impact their funding decisions have. There could be friction between what is needed and what the Legislature eventually provides through appropriation, but administrative rules cannot control that.

Concern: How do these rules impact county plans?

Explanation: County plans remain intact and continue to govern what the county does within the funding that the legislature provides to them. The allocation of the funds among the counties will not dictate how each county manages the money it receives.

Concern: A fiscally conservative Legislator might look at the two populations and say these are the only people that have to be served.

Explanation: The rules provide for an inclusive definition of cost. The Department cannot write a rule that in any way directs the Legislature; if they choose not to fund all the populations they will have made that determination. DHS is responsible for providing them with accurate information. The only purpose that is intended for the target population definition is for use in allocating limited funds if total funds are insufficient. The Legislature can appropriate and direct how money is spent or they can appropriate and leave the decision on how it is spent up to counties

Question: How many counties fund non-Medicaid developmental disability and brain injury services?

Response from Julie Jetter: Between 10 and 20 counties serve people with DD and less than 5 counties serve people with BI to varying degrees.

Rick said he thinks the rules as a whole address the legitimate concerns raised and that the concerns can be taken into account without any substantive change in the language of the rules as presented. He said these are rules that will be implemented by the Department and the Department will interpret them as he has explained today.

Gary Lippe made a motion to adopt and file emergency the rules for the Mental Health and Disability Services Redesign Transition Fund, IAC chapter 441.23, as submitted, pending approval of the Administrative Rules Committee. Chris Hoffman seconded the motion. Voting in favor: Neil Broderick, Lynn Crannell, Richard Heitmann, Chris Hoffman, David Hudson, Gary Lippe, Zvia McCormick, Laurel Phipps, Susan Koch-Seehase, Gano Whetstone, Jack Willey; Opposed: Suzanne Watson, Deb Schildroth, Richard Crouch, Patrick Schmitz, Jill Davisson. Motion passed, 11 to 5.

Chris Hoffman suggested making a resolution or communication with a specific recommendation to the Legislature to include people with developmental disabilities and brain injuries in the funding.

Rick Shults said that there will be a full process with public comment through the regular rule making process even though it will probably not happen until after the recommendations for the transition funds are made because of the fast timeline. Gretchen Kraemer noted that the reason the Department is going through informal meetings with people to review these rules is because they are important and the full public comment will not come until later.

Gary Lippe made a motion to adopt the rules for the Mental Health and Disability Services Redesign Transition Fund, IAC chapter 441.23, as submitted, by filing the notice of intended action, pending approval of the Administrative Rules Committee. Gano Whetstone seconded the motion. The motion passed unanimously.

REGIONAL ISSUES COMMITTEE REPORT

Jack Willey gave the report for the Regional Issues Committee. He said the opinion of the group has not changed since the last report; counties that want to stand alone need to be able to demonstrate sustainability. He read the previous set of recommendations:

- Counties need to have the ability to demonstrate that they meet all criteria established by Code or rules
- An application form will need to be developed
- Acceptable methods of proof that criteria can be met will need to be developed
- Letters of agreement from providers may be required
- Counties/regions should be able to offer choice of providers
- If they will rely on contracting for services out of county or region they should be able to demonstrate that services are available and accessible to individuals reasonably close to home
- There should be a long term plan for sustaining services
- Motivation by larger vision of what legislature intended
- May be asked to address how counties around them may be negatively impacted
- The impact on smaller counties and the effects of single county regions on surrounding counties should be considered
- They should be able to demonstrate economies of scale
- The bar should be set high to support the Legislature's intent of regionalization, but not impossibly high
- Timeframes for exemptions will need to be determined
- The committee felt that fundamentally the criteria should be guided by the idea that exemptions should not be allowed if they jeopardize the service capacity of surrounding counties
- There is a realization that all services are not going to be duplicated in all counties and we should make sure no walls go up to limit access to services between counties or regions

Mark Beardmore, Carroll County Board of Supervisors commented that he has been an advocate for counties opting out of regional groups and noted that an email he wrote on the subject was read at last month's Commission meeting. He said he understands that counties would have to meet the same requirements as regions, but does not want to see the criteria set unreasonably high. He noted that the language in section 32b of Senate File 2315 says that the DHS Director shall exempt a county from being required to enter into a regional system provided the county furnishes the required evidence, and Section 32a says the DHS shall encourage counties to enter into a regional system when the regional approach is likely to increase the availability of services. He said this

language made the bill possible, and that Legislators understood the importance and value of counties being able to stand alone. He urged the Commission to recognize the current efficiencies that are in place across the State; counties who meet the core services, make them readily accessible, and place outcomes first should be granted the option of standing alone. He said he urged that the criteria be clear, concise, realistic, and reasonably acceptable and attainable to counties and to put the interest of consumers first. He encouraged DHS and Commission members to look at what Carroll County has accomplished over the last several years. He said they have delivered a high level of services at a 100% consumer satisfaction rate while they have also improved their financial condition, and other counties have similar success stories.

Richard Heitmann commented that his principle concern is that adequate and excellent quality services are available for consumers and they do not have to face waiting lists or service cuts. He said that as a consumer, it doesn't matter to him whether the services are delivered by one county or by a region.

Suzanne Watson voiced concern that because of the timeline for forming regions, regional outcomes cannot be developed as a standard for individual counties to meet until after the time the counties will need to apply for exemption.

INCREASED COST ESTIMATE COMMITTEE

Deb Schildroth reported for the Increased Cost Estimate Committee. The Committee was appointed by the Chair at last month's meeting and met by phone yesterday. They discussed cost concerns and unknowns, including:

- The impact of the change from legal settlement to residency
- The impact of the change in the county property tax levy
- The impact of the cost of implementing new core services statewide
- The impact of new clients entering the system

The Committee looked at the Allowed Growth Factor recommendation from last year, which was 8.5% growth for the old system. Even though there are a lot of unanswered questions and unknown variables about the new system, DHS needs input now to include it in the budget process.

Discussion:

- The information from last year includes both Medicaid and non-Medicaid costs; for the purposes of this recommendation, only non-Medicaid costs need to be considered.
- The DHS December 9, 2011 report on redesign to the Legislature laid out options about what could be included in future years using a 3% growth rate for both Medicaid and non-Medicaid services.
 - That rate was applied to the then \$122 million raised by the county tax levies plus the \$12.5 million and that came out to about \$4 million in growth. That was for things like inflation.

- There were also additional funds in the plan for growth in both Medicaid and non-Medicaid services.
- It is not certain yet if Iowa will have expanded Medicaid, which would offset some of the costs otherwise paid by counties.

Rick noted that this is the first time that there is a new timeline to get what the Commission is recommending in sync with the DHS budget process; the Commission has been recommending growth factors for two years out each November, but that did not align with the deadlines for the development of the DHS or the Governor's budget. He also noted that the Legislature added \$47.2 million to the Medicaid program last year and it will take another \$5 to \$6 million to cover the costs for the State to take over the full non-federal share. Iowa's FMAP (Federal Medical Assistance Percentage) will be going up about one percent a year, which accounts for about \$6 million. Medicaid is growing faster than predicted six months ago and the growth increases will be needed to address that. The largest program growth is in habilitation and ID Waiver services, and one of the single largest drivers of all Medicaid growth is increased enrollment. The Director will be looking at all those things in addition to non-Medicaid funding as he puts together the DHS budget proposal.

Jack Willey suggested that the Commission accompany its recommendation with a letter outlining the challenges of coming up with a number when there are so many unknowns. Neil Broderick made a motion to recommend a 4% cost increase for 2014 and a 6% cost increase for 2015, with a letter of explaining the considerations of the Commission and the unknown factors that present a challenge. Lynn Crannell seconded the motion. The motion passed unanimously.

CPC PERSPECTIVES ON SERVICE CHANGES

Mike Johannsen, from Muscatine County, Mechelle Dhondt, from Linn County, and Sarah Kaufman, from Henry County shared their perspectives on service changes.

Mike Johannsen said change has been constant since he started doing this kind of work in 1980, but commitment to providing the services is the constant. The changes that took place in 1996 with Senate File 69, resulted in counties working under a capped system and the message was that counties needed to look at privatization, which was a tough decision. Significant changes are happening again, brought on by the need for services and the dollars to provide those services. Years ago there was a DHS report called "Housing as Homes, Services as Supports," which was a blueprint for the direction we are still going. In Muscatine County, they started looking at closing the county care facility and using other housing and services. Case management was a key element in making the changes. It was also important to set targets for the people who needed to implement the changes.

Initially, people were fearful of the change; they needed help seeing themselves in a different setting. There was a lot of public communication with providers and families. Some transition funding was needed because costs go up before they go down when

you are reducing the use of congregate care. In the business world, money incents change; in human services there is a reluctance to put money in up front to make change happen. Muscatine County used incentives and they worked. People got into their housing of choice and responded with very high satisfaction surveys. It took some flexibility in the use of local transition money to make it happen. The board of supervisors wanted the home closed by January 2007; it actually closed on March 31, 2006. Mike said the change Iowa is in should not be underestimated; it is important to look at where everyone fits in the system and how we can help people who need to make difficult decisions.

Mechelle Dhondt said that it was just about exactly a year ago when Linn County came to the realization that they were \$5.3 million short. They immediately started implementing strategies to address the shortage. They started waiting lists and began moving people who were on Medicaid to alternative Medicaid-funded services. At that time the county was providing three direct services, but they are no longer subsidizing services:

- Thirty people were moved out of county SCL (Supported Community Living) services to private providers.
- Another thirty people were moved from sheltered work to habilitation services, which proved not to be a popular strategy.
- And 300 people were moved from the county payee program into other payee programs

Seventeen county staff members were laid off. The county looked at alternatives to sheltered workshops, including bartered employment and volunteer opportunities with subsidies. There were about 120 people in a care facility and many were concerned about where else they might live or how they would get their meals. After talking to them, much of the anxiety melted away. It became apparent that their thinking had been institutionalized and they just didn't have a picture of what life could be like for them living in a 3 to 5 bed home or what other possibilities there might be for them. It was important to talk to the staff as well; it became apparent that their thinking had also become institutionalized and they also needed to learn to think differently.

A few months later a 14-bed facility was opened by the RCF provider and 14 of the residents moved into it. The moves to smaller settings and has been a great success. Mechelle said they are hoping that facilities will incorporate motivational interviewing, tours of the community, and invite community providers in to talk to people and lessen their fear about change. The process is still ongoing; at least another twenty people have moved. They have come to recognize that there is a need for a small percentage of people to live in an RCF-type setting, but they would like to see the services delivered in smaller settings and a more person-centered way.

Across the state, a lot of RCFs are "stuck" where they are because they are tied to a building and it is hard for them to see how to leave that and move to smaller settings. Mechelle said Linn County wants to look at ways to help providers offer a different, more treatment-oriented, model of service. She said she has heard a lot of negative

things said about downsizing, but predictions that people would not be able to live successfully in the community have not been accurate. If there are instances where an individual does not do well, another setting can be tried, but integration is important.

David Hudson asked if Linn County's shortfall had been a disincentive to finding partners to form a region. Mechelle responded that it probably had been, but they have been working hard to minimize it and they have found counties that are willing to work with them.

Sarah Kaufman said Henry County had a fifty-four bed care facility. The large size of the facility prevented them from accessing Medicaid funding for the residents, so they went to a smaller fifteen bed facility. At first, some families were not satisfied. Henry County kept it as a county run system, but started getting people on HCBS Waiver programs and services and putting more emphasis on a treatment model. They began to see people progressing, learning there were other alternatives, and leaving the facility. They became purchasers of services and no longer have county operated services. Providers were encouraged to offer more choice for consumers and soon people began seeing the opportunities. By April 30, 2012 everyone had transitioned out of the facility – one went to a nursing facility, one to another RCF, and the rest all moved to their own homes.

REDESIGN WORKGROUP UPDATES

Outcomes – The Outcomes group is making good progress. They have been doing a lot of homework, using common sense, and focusing on health and safety outcomes. They meet again next Monday.

Children's Services – The Children's Services group is looking at the entire world of children and the new responsibilities of Magellan. They have a new facilitator and have heard some informative presentations from IME. They have also discussed the children being served out of state.

NEXT MEETING

The next meeting is scheduled for September 20, 2012 at the United Way Conference Center in Des Moines.

PUBLIC COMMENT

No additional public comment was offered.

The meeting was adjourned 3:35 p.m.

Minutes respectfully submitted by Connie B. Fanselow.

